

PUBLIC DISCLOSURE

February 2, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Medallion Bank
Certificate Number 57449**

**1100 East 6600 South, Suite #510
Salt Lake City, Utah 84121**

**Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **Medallion Bank** prepared by the **Federal Deposit Insurance Corporation**, the institution's supervisory agency, as of **February 2, 2009**. The agency evaluates performance in AA(s), as they are delineated by the institution, rather than individual branches. This AA evaluation may include the visits to some, but not necessarily all of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

This institution elected to be evaluated under the Strategic Plan (Plan) option. The Plan, approved by the agency, sets forth goals for satisfactory and outstanding performance.

This evaluation relied upon records and reports provided by the bank, publicly available financial information, demographic data, and information gathered as part of the evaluation process, including recent community contacts.

INSTITUTION RATING

INSTITUTION CRA RATING: This institution is rated **Satisfactory**.

Medallion Bank's CRA performance for the evaluation period reflects a satisfactory practice of helping to meet the credit needs of its AA, including low- and moderate-income (LMI) neighborhoods, consistent with its resources and capabilities.

During the review period for this evaluation, the bank was operating under two Plans; Plan A as referred to in this evaluation was approved by the FDIC on February 18, 2005; and Plan B was approved on March 17, 2008. Plan A pertains to the years 2005 to 2007 and Plan B covers the years 2008 to 2010. The review period for this evaluation is January 1, 2006, through December 31, 2008. Therefore, the bank's Plans A and B were considered in the CRA review.

The Plans established measurable goals for community development (CD) lending, investments, and services for both Satisfactory and Outstanding ratings.

Medallion Bank's performance exceeded the goals established for outstanding CRA performance in 2006 for CD loans and investments, and exceeded the goals for satisfactory performance in 2007 and 2008. The bank's performance trend for CD loans and investments declined in 2007 and 2008, due to asset growth and limited loan and investment opportunities. The bank's performance exceeded the levels for outstanding CRA performance for CD services in 2006, 2007, and 2008.

More weight was assigned to the bank's CD loans and investment performance for the Plan years 2006 to 2008 due to the greater impact of these loans and investments in helping to meet the community's credit needs. Table 1 and Table 2 show the bank's actual performance level compared to the bank's Plan goals for combined CD loans and investments, and CRA services for each of the Plan years 2006 through 2008.

Table 1 - Combined CD Loans and Investments				
Year	Strategic Plan Goals (%)		Actual Performance (%)	Performance Level
	Satisfactory	Outstanding		
2006	1.00	1.35	1.56	Outstanding
2007	1.15	1.55	1.51	Satisfactory
2008	1.25	1.75	1.26	Satisfactory

Source: Bank Records Compiled by Examiner

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Table 2 - CD Services				
Year	Plan Goals (Hours)		Actual Performance (Hours)	Performance Level
	Satisfactory	Outstanding		
2006	130	165	174	Outstanding
2007	155	195	210	Outstanding
2008	165	195	217	Outstanding

Source: Bank Records Compiled by Examiner

DESCRIPTION OF THE INSTITUTION

As of December 31, 2008, Medallion Bank is a \$436 million federally insured industrial bank (IB) chartered in Utah, which began operations in 2003. The bank is a wholly-owned subsidiary of Medallion Financial Corporation (MFC), a publicly held financial services company headquartered in New York, and a leading lender in niche markets for over 35 years. The main operations and headquarters are located in one office in Salt Lake City, Utah. Medallion Bank is a nationwide lender, does not operate a traditional bank lobby, and has relatively no walk in traffic. The bank has 30 full time employees as well as a few temporary employees.

The bank offers loan products in taxi medallion lending, consumer lending for recreational vehicle and hearing aids, and small business loan originations. Taxi medallions are legal permits to operate a taxi in a number of municipalities in the U.S. Local governments regulate the distribution and number of taxi medallions available in their municipality. Small business lending includes asset based commercial loans and subordinated debt securities to small and mid- market companies, such as small manufacturers, distributors and service companies. The bank has no retail branches and generates its deposits through a stable network of deposit brokers. As of December 31, 2008, the bank had \$407 million in total loans, of which \$203 million, or 50 percent were commercial and industrial loans and \$196 million, or 48 percent were consumer loans.

The bank's ability to meet the credit needs of the communities it serves is not limited by its financial condition, size, or other legal impediments. The bank received a "Satisfactory" CRA rating at its previous evaluation on March 20, 2006 that was also evaluated under a Plan.

DESCRIPTION OF AA (AA)

Medallion Bank has defined its AA as Salt Lake County, which is part of the Salt Lake City Utah Metropolitan Statistical Area (MSA) #41620. The AA meets regulatory requirements. The MSA is comprised of two counties: Salt Lake County and Utah County. Table 3 shows the breakdown of the geographic income characteristics of the 193 census tracts in the AA based on 2000 U.S. Census data, along with other selected demographic data. The census tracts are categorized into four geographic income categories based on the 2000 Median Family Income (MFI) for the MSA of \$54,586.

Table 3-Demographic Information for SALT LAKE COUNTY						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	193	2.59	22.28	46.63	28.50	0.00
Population by Geography	898,387	.85	23.55	48.82	26.78	0.00
Owner-Occupied Housing by Geography	203,690	.21	17.40	51.86	30.53	0.00
Business by Geography	98,629	8.02	22.96	40.60	28.42	0.00
Farms by Geography	1,418	4.51	17.77	43.58	34.13	0.00
Family Distribution by Income Level	215,864	16.99	19.92	24.85	38.23	0.00
Distribution of LMI Families throughout AA Geographies	79,691	1.56	35.80	49.27	13.37	0.00
MFI Housing and Urban Development (HUD) Adjusted MFI for 2008 Households Below Poverty Level		54,586 65,300 8%	Median Housing Value Unemployment Rate (2000 U.S. Census)			165,698 2.37%

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 U.S. Census, 2008 HUD updated MFI, and 2008 D&B

Salt Lake County is the most populous county in the State of Utah. The county's average annual growth rate from 2005 to 2006 has been 1.8 percent, below the state average of 2.4 percent. Salt Lake County's average household size is 2.9 people per household compared to the state average of 3.1 people per household.

Economy

Utah's 2006 employment growth of 5.2 percent was among the highest in the U.S. and was nearly four times the national average. The unemployment rate averaged 3.3 percent for 2006. In Salt Lake County, job growth was 3.4 percent for 2006. The bank's AA is home to most of the major insured financial institutions in the state, including several regional banks, several credit unions, and many other retail loan companies.

Bank Identified Community Credit Needs

Medallion Bank identified the following community credit needs in their Plans A and B:

- Housing Loans - The lack of affordable housing in the AA is well known and established. Revitalizing existing housing stock in targeted areas, and providing shelter for families are potential CRA initiatives.
- Down Payment Assistance Support - The need to help families with the initial down payment to acquire housing is evident and supported by the assessment results. The form of assistance can be either grants or loans.
- CD Administrative Services Grants - Many community based housing-related organizations can find funding for housing programs but lack access to grants that help cover administrative services required to support the programs. These services include salary

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expenses, office and program administrative expenses. Without funding to cover these costs, programs may not be administered effectively or achieve their stated goals.

- Household Furnishing Grants - Once temporary or permanent housing has been acquired, many homeowners/renters do not have the money to furnish living spaces with the basic necessities such as beds, bedding, chairs and dressers.

Medallion Bank does not have a mortgage loan origination program and therefore, management elected to effectively serve these identified needs by working through community groups, investing in loan pools, and purchasing housing bonds. This was accomplished by creating an informal alliance with several identified CD organizations.

Community Contacts

Two contacts performed during other CRA evaluations were reviewed to determine the financial services and community needs within the Salt Lake County AA. One contact revealed a need for student loans within the AA. The other contact revealed a strong ongoing need for affordable housing within the county.

CONCLUSIONS WITH RESPECT TO THE BANK'S ACTUAL PERFORMANCE TO STRATEGIC PLAN GOALS IN THE BANK'S AA

Medallion Bank operated under two FDIC approved Plans for the evaluation period. According to the approved Plans, the evaluation of the bank's CRA performance for the two categories lending and investments would be combined. The bank's CRA lending and investment performance would be measured in terms of combined qualifying CD loan and investment dollars as a percentage of the bank's average assets for each Plan year. CRA services performance would be measured by the number of hours spent performing qualifying CD services by the bank's small staff.

The bank's average assets for each Plan year was calculated using the amounts from line 9 of schedule RC-K (Quarterly Averages) from the bank's four quarterly Call Reports, for the respective Plan years. Tables 4, 7, and 10 show the calculations for the average assets for each Plan year.

The bank's actual performance for CD investments and CD loans compared to the Plan goals for each year are reflected in Tables 5, 8, and 11. Tables 6, 9, and 12 show the bank's actual performance for CD service hours compared to the Plan goals for year.

2006 CRA Performance

Table 4 - 2006 Quarterly and Annual Average Assets	
Quarter	RC-K Average Assets \$ (000s)
First	254,392
Second	270,045
Third	285,912
Fourth	299,479
2006 Average Assets	277,457

Source: Quarterly Consolidated Reports of Condition (Call Report), Schedule RC-K

Table 5 - 2006 Actual CRA Performance Compared to Plan Goals CD Investments and Loans					
Bank Actual Performance		Plan Goals			
Actual CDI/CDL Activity		CDI/CDL Volume Needed to Achieve Satisfactory Performance		CDI/CDL Volume Needed to Achieve Outstanding Performance	
% of Avg. Assets	\$ (000s)	% of Avg. Assets	\$ (000s)	% of Avg. Assets	\$ (000s)
1.56	4,341	1.00	2,775	1.35	3,746
2006 CRA Performance Level				Outstanding	

Source: Bank Records Compiled by Examiner

Table 6 - 2006 CD Service Hours		
Bank Actual Performance	Strategic Plan Goals	
Actual (Hours)	Satisfactory (Hours)	Outstanding (Hours)
174	130	165
2006 CRA Performance Level		Outstanding

Source: Bank Records Compiled by Examiner

2007 CRA Performance

Table 7 – 2007 Quarterly and Annual Average Assets	
Quarter	RC-K Average Assets \$ (000s)
First	305,632
Second	315,196
Third	325,853
Fourth	347,111
2007 Average Assets	323,448

Source: Quarterly Call Report, Schedule RC-K

Table 8 - 2007 Actual CRA Performance Compared to Plan Goals CD Investments and Loans					
Bank Actual Performance		Plan Goals			
Actual CDI/CDL Activity		CDI/CDL Volume Needed to Achieve Satisfactory Performance		CDI/CDL Volume Needed to Achieve Outstanding Performance	
% of Avg. Assets	\$ (000s)	% of Avg. Assets	\$ (000s)	% of Avg. Assets	\$ (000s)
1.51	4,899	1.15	3,720	1.55	5,013
2007 CRA Performance Level		Satisfactory			

Source: Bank Records Compiled by Examiner

Table 9 - 2007 CD Service Hours		
Bank Performance	Bank Established Goals	
Actual (Hours)	Satisfactory (Hours)	Outstanding (Hours)
210	155	195
2007 CRA Performance Level		Outstanding

Source: Bank Records Compiled by Examiner

2008 CRA Performance

Table 10 – 2008 Quarterly and Annual Average Assets	
Quarter	RC-K Average Assets \$ (000s)
First	355,394
Second	368,660
Third	396,861
Fourth	434,585
2008 Average Assets	388,875

Source: Quarterly Call Report, Schedule RC-K

Table 11 - 2007 Actual CRA Performance Compared to Plan Goals CD Investments and Loans					
Bank Actual Performance		Plan Goals			
Actual CDI/CDL Activity		CDI/CDL Volume Needed to Achieve Satisfactory Performance		CDI/CDL Volume Needed to Achieve Outstanding Performance	
% of Avg. Assets	\$ (000s)	% of Avg. Assets	\$ (000s)	% of Avg. Assets	\$ (000s)
1.26	4,914	1.25	4,861	1.75	6,805
2008 CRA Performance Level		Satisfactory			

Source: Bank Records Compiled by Examiner

Table 12 - 2008 CD Service Hours		
Bank Performance	Bank Established Goals	
Actual (Hours)	Satisfactory (Hours)	Outstanding (Hours)
217	165	195
2008 CRA Performance Level		Outstanding

Source: Bank Records Compiled by Examiner

CD Lending and Investments

Medallion Bank has invested \$4.8 million in various CD loan and investment initiatives during the evaluation period. Medallion Bank has met the requirements under the Plan for Outstanding for the 2006 Plan year and Satisfactory for the 2007 and 2008 Plan year. The bank's declining performance trend for combined CRA loans and investments from 2006 to 2008 resulted in a satisfactory performance rating under the CD lending and investment test.

The following are descriptions of the three affordable housing activities for the review period covering January 1, 2006, through December 31, 2008.

- Medallion Bank purchased \$4.6 million of bonds issued by an independent agency of the State of Utah. This housing agency has been uniquely created by the State of Utah government to raise funding to assist in the creation of affordable housing opportunities for LMI residents of Utah. The housing agency provides mortgage monies to qualifying first time homebuyers as well as resources to developers building or renovating affordable apartment projects. In addition, the housing agency assumes several roles ranging from financier to developer in creating some of the more difficult to develop housing niches. The housing agency does not receive any funding from the State of Utah. It is self-supporting and each year raises hundreds of millions of dollars to fund its first time homebuyer mortgage program through banks meeting their CRA responsibilities. It also forms partnerships with private sector banking institutions, homebuilders, realtors, and others to bring the maximum amount of expertise together in administering these extremely complex and sophisticated programs. This housing agency is committed to developing and strengthening all of its programs so it can be most responsive to those seeking affordable housing opportunities and, at the same time, being fiscally vigilant and responsible to continue to be one of the most successful state housing finance agencies in the nation.
- Medallion Bank is a participant in a collaborative effort by 36 Utah financial institutions to expand access and improve reliability of credit for affordable housing in Utah. This organization has become the primary source for Low Income Housing Tax Credit developers in Utah. As of February 10, 2009, the organization financed over 3,300 units of affordable rental housing; assisted 10 organizations (both for-profit and nonprofit) in developing their first housing tax credit properties and provided financial service to the state's affordable housing industry. As of June 12, 2008, Medallion's commitment in the agency's \$86 million revolving loan pool was \$93,000 or .11 percent of the total loan pool. From January 2006 to December 2008, \$55,000 of the bank's commitment has funded \$4.4 million for seven projects providing 321 units of affordable multi-family housing to LMI residents throughout Utah.
- The bank purchased \$103,000 in mortgage backed securities comprised of one mortgage to LMI borrowers in Salt Lake, Weber and Davis Counties.

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Donations

During the evaluation period, Medallion Bank donated \$20,000 in qualifying CD donations to several entities serving the community in affordable housing, economic development, small business development, and financial educational programs.

Tables 13 to 15 summarize the bank's loans and investments, and donations from 2006 to 2008.

Table 13 - 2006 CRA Performance – CD Loans & Investments/Donations		
Investment /Lending	Number	Amount Extended \$ (000s)
Beginning CRA Loans and Investments Balance 1/1/06 (1)		2,170
Affordable Housing for LMI - Single Family Housing	5	2,125
Affordable Housing for LMI - Multi Family Housing	5	45
Donations	2	2
2006 Total Loans and Investments (2)		4,342
Total Loans and Investments - % of Average Assets		1.56
2006 CRA Performance Level		Outstanding

Source: Bank Records Compiled by Examiner

1.35% required for Outstanding

(1) Reflects payments made in 2005

(2) Does not reflect payments made in 2006

Table 14 - 2007 CRA Performance – CD Loans & Investments/Donations		
Investment /Lending	Number	Amount Extended \$ (000s)
Beginning CRA Loans and Investments Balance 1/1/07 (1)		3,883
Affordable Housing for LMI – Single Family Housing	2	1,000
Affordable Housing for LMI - Multi Family Housing	2	10
Donations	2	6
2007 Total Loans and Investments (2)		4,899
Total Loans and Investments - % of Average Assets		1.51
2007 CRA Performance Level		Satisfactory

Source: Bank Records Compiled by Examiner

1.15% required for Satisfactory

(1) Reflects payments made in 2006

(2) Does not reflect payments made in 2007

Table 15 - 2008 CRA Performance – CD Loans & Investments/Donations		
Investment /Lending	Number	Amount Extended \$ (000s)
Beginning CRA Loans and Investments Balance 1/1/08 (1)		3,299
Affordable Housing for LMI – Single Family Housing	3	1,500
Affordable Housing for Low-Moderate Income MBS	1	103
Donations	3	12
2008 Total Loans and Investments (2)		4,914
Total Loans and Investments - % of Average Assets		1.26
2008 CRA Performance Level		Satisfactory

Source: Bank Records Compiled by Examiner

1.25% required for Satisfactory

(1) Reflects payments made in 2007

(2) Does not reflect payments made in 2008

CD Services

Medallion Bank employees performed 601 hours of various CD service activities during the evaluation period. Medallion Bank has met the requirements under the Plan for Outstanding for all three Plan years. This performance results in an outstanding performance rating under the CD service test.

Bank employees contributed their time, expertise and resources to entities that assist LMI individuals, affordable housing, small business development, and economic development. The majority of service hours were providing financial education to underserved youth and the other service hours include Board positions and committee membership for organizations that support affordable housing, small business development, and economic development.

The following tables summarize the individual CD service activities for the bank's CRA performance for 2006 to 2008.

Table 16 - 2006 CRA Performance – CD Service Activities & Hours		
Service Activity Description	# of Staff	# of Hours
Providing credit counseling, home-buyer and home-maintenance counseling, financial planning or other financial services education	13	114
Providing technical assistance on financial matters to nonprofit, tribal or government organizations servicing LMI housing or economic revitalization and development needs	5	60
2006 Total Service Hours	174 Hours	
2006 CRA Performance Level	Outstanding	

Source: Bank Records Compiled by Examiner

130 hours required for Outstanding

Table 17 - 2007 CRA Performance – CD Service Activities & Hours		
Service Activity Description	# of Staff	# of Hours
Provide credit counseling, home-buyer and home-maintenance counseling, financial planning or other financial services education	11	91
Provide technical assistance on financial matters to nonprofit, tribal or government organizations servicing LMI housing or economic revitalization and development needs	6	119
2007 Total Service Hours	210 Hours	
2007 CRA Performance Level	Outstanding	

Source: Bank Records Compiled by Examiner

195 hours required for Outstanding

Table 18 - 2008 CRA Performance – CD Service Activities & Hours		
Service Activity Description	# of Staff	# of Hours
Provide credit counseling, home-buyer and home-maintenance counseling, financial planning or other financial services education	2	28
Provide technical assistance on financial matters to nonprofit, tribal or government organizations servicing LMI housing or economic revitalization and development needs	4	189
2008 Total Service Hours	217 Hours	
2008 CRA Performance Level	Outstanding	

Source: Bank Records Compiled by Examiner

195 hours required for Outstanding

APPENDIX A

SCOPE OF EXAMINATION		
COMMUNITY REINVESTMENT ACT		
TIME PERIOD REVIEWED	January 1, 2006 through December 31, 2008	
FINANCIAL INSTITUTION		PRODUCTS REVIEWED
Medallion Bank Salt Lake City, Utah		CD Loans, Investments and Services
AAS REVIEWED AND TYPE OF EXAMINATION		
AA	TYPE OF EXAMINATION	BRANCHES VISITED
Salt Lake County, Utah	On-Site	Main Office